NATURAL GAS - 31 Mar 2021 | 09:50 UTC - London

Russian pipelayer headed for Danish waters to join Nord Stream 2 operation: developer

Author <u>Stuart Elllott</u>

Editor <u>Jonathan Fox</u>

Commodity <u>Natural Gas</u>

HIGHLIGHTS

Akademik Cherskiy to lay pipeline in Danish waters

Notice to seafarers valid until September 2021

Pipelaying using Fortuna vessel resumed Feb 6

London — A second Russian pipelaying vessel is now headed for Danish waters to join the operation to lay the almost-complete Nord Stream 2 gas pipeline from Russia to Germany, the pipeline development company said March 31.

The Adakemik Cherskiy -- which has dynamic positioning capabilities allowing for accelerated pipelaying -- will join the Fortuna pipelayer carrying out work south of the Danish island of Bornholm in the country's Exclusive Economic Zone (EEZ).

"The pipelay vessel Akademik Cherskiy is transiting to the Danish EEZ to start with preparatory works prior to commencing pipelay," the Nord Stream 2 developer said in emailed comments March 31.

The Fortuna, which uses anchors in pipelaying meaning a slower rate of work, resumed operations in Danish waters on Feb. 6.

The Akademik Cherskiy departed from the port of Wismar in Germany on March 4 and spent almost four weeks offshore Kaliningrad. The vessel was expected to undergo sea trials during that time.

Being able to use two pipelaying vessels will speed up work on completing Nord Stream 2, which before the Fortuna resumed work had around 150 km left to lay out of a total 2,460 km of the two-string pipeline.

The Akademik Cherskiy has long been considered as a likely candidate to lay some of the remaining pipeline.

It arrived at the port of Wismar on Jan. 24, according to S&P Global Platts trade flow software cFlow.

Wismar was also the last port of call for the Fortuna before it resumed pipelaying work in Danish waters last month.

Seafarers notice

Nord Stream 2 has submitted the relevant notification to the Danish Maritime Authority, or DMA, to use the Akademik Cherskiy for pipelaying offshore Denmark.

According to a DMA notice to seafarers, work is being carried out by the Fortuna and Akademik Cherskiy, assisted by the construction vessels Baltiyskiy Issledovatel and Murman.

The notice is valid until September 2021.

The timeline for completing the pipelaying work on Nord Stream 2 remains uncertain, however.

The Fortuna has been working at a slower rate than the Pioneering Spirit, which laid much of Nord Stream 2 before its owner, Switzerland's Allseas, halted work in December 2019 due to the threat of US sanctions.

In addition, it was thought that the Fortuna was only laying one string of Nord Stream 2 for now, and that it would likely take months for it to complete even one string.

However, with the Akademik Cherskiy joining the effort, pipelaying is likely to be completed much more quickly.

US sanctions

The Fortuna has been laying the pipeline since Feb. 6 despite having sanctions imposed against it and its owner KVT-RUS in one of the final acts taken by the Trump administration on Jan. 19.

The Biden administration, in a report to Congress on Feb. 19, also pointed to only two sanctions designations related to Nord Stream 2 -- against the Fortuna and KVT-RUS.

There had been calls for the Biden administration to intensify sanctions designations to include a wide range of companies involved in the construction of Nord Stream 2, including service companies, insurers and

certification companies.

The US has a number of legislative tools at its disposal for applying sanctions against companies involved in Nord Stream 2's completion.

They include the 2020 National Defense Authorization Act, or NDAA, which in December 2019 forced Allseas to halt work, and its updated version approved in 2021 that includes new provisions related to Nord Stream 2 under the Protecting Europe's Energy Security Clarification Act, or PEESCA.

These expand the threat of US sanctions against companies that provide services to ships laying the Nord Stream 2 pipe and companies that carry out pipeline testing, inspection or certification activities.

The sanctions were imposed by the Trump administration against KVT-RUS and the Fortuna under the separate Countering America's Adversaries Through Sanctions Act, or CAATSA.